



CITY OF MILPITAS

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March 21, 2007

Mr. David Ross, General Manager
Cupertino Sanitary District
20833 Stevens Creek Boulevard, Suite 104
Cupertino, CA 95014-2154

Subject: Cost Sharing of Wastewater Treatment Capacity Study

Dear Mr. Ross:

This letter documents our understanding of cost sharing for an engineering evaluation to determine wastewater treatment capacity and to determine the fair purchase price of 1million gallons of San Jose/ Santa Clara Water Pollution Control Plant Treatment Plant Capacity from Cupertino Sanitary District (CuSD) to the City of Milpitas (City). The scope of work by RMC Water and Environment (RMC) is shown in Attachment A.

The consultant contract with RMC will be conducted under the direction of CuSD with parallel review and approval of the final document by the City. The total cost of the evaluation is \$50,028, plus CuSD attorney fees for agreement review. The City and CuSD will equally share in these costs. CuSD will forward invoices to the City. We request that you indicate your concurrence by signing and returning one of the two original copies of this letter.

Sincerely,

Greg Armendariz
Public Works Director / City Engineer

cc: Kathleen Phalen, Utility Engineer
Utility Engineering Files

Concurrence to Understanding:

Thomas C. Williams
City Manager

Date: _____

David Ross
General Manager

Date: _____

Scope of Services – Phase 1 Cupertino Sanitary District Wastewater Treatment Capacity Analysis Study

The City of Milpitas and Cupertino Sanitary District (CSD) are interested in identifying available treatment plant capacity that Milpitas could purchase from CSD. CSD has a flow allocation of 8.6 mgd and currently produces a dry weather flow between 4.7 to 6.0 mgd. Wastewater treatment capacity allocation (at the San Jose/Santa Clara Water Pollution Control Plant (SJ/SC WPCP)) also includes BOD, SS, and NH₃. For this evaluation it is assumed that capacity allocations of these constituents would be transferred proportionately according to flow. RMC proposes the following scope of work to estimate the long term capacity required by the CSD and identify any potential excess capacity that may be available. The findings of this analysis will be documented in a technical memorandum.

Task 1 Evaluate Current Flow and Capacity Allocation Parameters

Currently, CSD uses a flow meter along with a flow estimate for non-metered zones to determine dry weather wastewater flows that are reported to the SJ/SC WPCP. RMC will review current flow data and the wastewater flow estimate methodology and review its applicability to contemporary land use and wastewater generation factors. RMC will also review BOD, SS, and NH₃ generation factors and compare the generation factors used by CSD to factors used by the other tributary agencies.

Task 2 Future Flow Projections

RMC will meet with planning staff from the City of Cupertino, Saratoga, and County of Santa Clara to identify potential future development or redevelopment plans that may increase wastewater flows. RMC will develop and apply flow factors to the planning departments' projection for new or redevelopment to determine incremental increase (or decrease) in flows within the CSD service area. RMC will identify potential future changes in unit wastewater flow factors (i.e. gpd/du) associated with conservation efforts such as low flow toilets, shower heads, dish washers, and washing machines. These potential changes were noted during development of the WPCP Flow Model (RMC assisted the city of San Jose in the development of that model). RMC will calculate potential future flows generated within the CSD service area in 2020 and 2030 based on both 1) the current flow reporting methodology, and 2) a revised methodology consistent with contemporary land use and wastewater flow generation factors. RMC will project the WPCP capacity need for CSD for 2020 and 2030.

Task 3 Prepare Capacity Analysis TM

A TM will be prepared describing the assumptions and findings of the capacity analysis.

Task 4 Project Management/Quality Control

RMC will provide project management services, including budget and schedule control for the duration of the project. RMC will meet with both Milpitas and CSD twice to discuss the progress and results of this study. In addition, teleconferences are assumed every month for the duration of the project. A monthly progress report will be submitted along with invoices.

Project Fee

RMC's fee for the scope of work described above is \$29,960. A detailed fee summary by task is included as Attachment A.

Project Schedule

RMC can complete this study within eight weeks of NTP. This schedule assumes reasonable access to information from the land use planning agencies noted above.

Scope of Services – Phase 2 Wastewater Treatment Capacity Purchase

The Cupertino Sanitary District (CUSD) is served by the San Jose/Santa Clara Water Pollution Control Plant (WPCP). The WPCP has a rated dry weather capacity of 167 mgd, of which each of the WPCP tributary agencies – City of San Jose, City of Santa Clara, City of Milpitas, CUSD, County Sanitation Districts 2 and 3 (CSD 2-3), Burbank Sanitation District, and Sunol Sanitation District, holds a share. The City of Milpitas is interested in increasing its current flow allocation of 13.5 million gallons per day (mgd) in order to facilitate further development. As requested by the CUSD, RMC proposes the following scope of work to establish the fair purchase cost for 1 million gallons of WPCP treatment capacity from CUSD to the City of Milpitas. The premise for the fair purchase cost will be the value identified by the Master Agreement for Wastewater Treatment for the San Jose/Santa Clara Water Pollution Control Plant.

Task 1 Identify and Confirm Components of WPCP Capacity Fee

RMC will update the capacity costs analysis that was completed as part of the Wastewater Treatment Capacity Purchase performed for the City of Milpitas. The previously established Wastewater Treatment Capacity Purchase price included a WPCP Capacity Fee, which includes facility replacement values, land values, bufferland value and WPCP capital reserve funds. RMC will update each of these components for the capacity purchase. RMC will also update values to reflect all capital investments to date. This will include data collection efforts and collaboration with the City of Milpitas, CUSD, and City of San Jose.

Assumptions:

- The value of wastewater capacity is dependent on point in time. The San Francisco Construction Cost Index (CCI) from the Engineering News Record will be used to update history costs.
- The assumed purchase date of the wastewater capacity is April 2007.

Task 2 Prepare Capacity Purchase Technical Memorandum

A Technical Memorandum (TM) will be prepared to describe the assumptions and recommendations for the capacity purchase. The TM will provide clear identification of each cost and backup documentation. A clear description of the steps necessary for approval of the purchase per the Master Agreement will be provided. A draft TM will be prepared for comment and review. Following the review, comments will be addressed and a final report will be developed.

Task 3 Meetings

RMC will meet with the CUSD and City of Milpitas twice to discuss the progress and results of this study. RMC will develop meeting material and minutes for the two meetings.

- Meeting #1 – Presentation of Draft Analysis and Findings.
- Meeting #2 – Presentation of Final Analysis.

Project Fee

RMC's fee for the scope of work described above is \$16,568. A detailed fee summary by task is included as Attachment A. Fee will be invoiced on a time charged plus expenses basis.

Project Schedule

RMC can complete this study within six weeks of NTP. This schedule assumes reasonable access to information and cooperation by the CUSD, City of Milpitas, and City of San Jose.